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SIPDIS

NEA FOR FRONT OFFICE, NSC FOR ABRAMS/SINGH/PASCUAL

E.O. 12958: DECL: 07/22/2018  
TAGS: [PGOV](#) [KWBG](#) [EAID](#) [PTER](#) [IS](#)  
SUBJECT: INDEPENDENT GAZA LEADERS DECRY "SIEGE," BLAME  
HAMAS FOR CREATING "CARTELS"; MIXED VIEWS ON CROSSINGS,  
SHALIT

Classified By: Consul General Jake Walles, for reasons 1.4 (b) and (d)

¶1. (C) Summary. Gaza-based PLO Executive Committee member Riyadh al-Khudari told PolOff by phone on July 21 that Hamas has reorganized nearly all local administration and goods suppliers under its control through use of cartels, and is effectively collecting tax/customs revenues in Gaza. Gaza City PLC member Rawiya al-Shawwa (independent) told PolOff by phone on July 21 that Gazans are pleased that the ceasefire has reduced violence to minimal levels, but she sees no change in the economic or humanitarian situations. Al-Shawwa said Hamas leaders have told her that they are ready to exchange Gilad Shalit and allow the PA to administer crossings ("but without Israeli cameras"), while al-Khudari said Hamas has no intention to relax its grip. End summary.

Ceasefire Has Not Delivered  
Economic/Humanitarian Improvements  
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¶2. (C) Gaza PLC member Rawiya al-Shawwa told PolOff July 21 by phone that Gazans are pleased that the ceasefire has reduced violence to minimal levels, but she sees no change in the economic or humanitarian situation. She said there are electrical blackouts an average of 16 hours each day, shortages of nearly all food and household items, and vehicle fuel is extremely limited and expensive. Al-Shawwa said Hamas has used GOI-imposed closures and resulting severe shortages to create Hamas-run consortia that control distribution of all rationed items.

¶3. (C) Al-Khudari told PolOff by phone that restrictions and closures of crossings have strengthened Hamas and its allied "mafias and cartels," while recent increases in fuel and allowed goods have not led to visible quality-of-life improvements. Al-Khudari said the cement and iron that the GOI recently permitted in the context of the ceasefire reinforce Hamas cartels' control: the cartels only issue cement and iron rations to contractors licensed by Hamas authorities and with building permits issued by Hamas-run local governments. He said Hamas is highly adept at revenue collection and has received huge sums in "customs duties" from tunnel smugglers. Al-Khudari commented that the GOI should reconsider crossings closures, since he said Hamas always pays its employees on time and gets what it needs from tunnels and "skimming" from traders, while ordinary Gazans are punished and blame the "Israeli siege."

Prospects for Opening Rafah  
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¶4. (C) Al-Shawwa said Hamas leaders, including former PM Ismayil Haniyah and Mahmud al-Zahar, told her that they do not believe the GOI will allow Rafah Crossing to open until

Shalit is released, and they think the GOI is using Rafah Crossing as a bargaining chip for this purpose. She claimed that Hamas is ready to allow the PA to administer Gaza's crossings, but clarified that Hamas will not consent to "Israeli cameras" at Rafah or an Israeli veto on passengers entering/exiting (both provided for in the 2005 Access and Movement Agreement-AMA).

15. (C) Al-Khudari said he doubts Hamas would agree to PA control of the crossings unless Hamas continued to control the Egyptian border and maintained a presence outside the crossings to guarantee a share of customs revenues. He commented that "Hamas has created its emirate; it won't now give it up." He said Hamas officials plan to demolish the Saraya (formerly Gaza City's main PA National Security Forces (NSF) compound and jail) and build a shopping center there to banish talk that Hamas might transfer the compound back to the PA.

WALLES